Audit and Administration Committee

REPORT 09-016

9:30 a.m.
Wednesday, November 18, 2009
Committee Room 207
Hamilton Convention Centre
One Summer’s Lane

Present:  Vice-Chair R. Powers
          Mayor Eisenberger
          Councillors C. Collins B. Morelli, and M. Pearson

Absent with Regrets:  Chair B. Clark
                      Councillors B. Bratina and T. Whitehead

Also Present:  C. Murray, City Manager
               R. Rossini, General Manager; T. Tollis, Treasurer; R.
               Male, Director of Financial Services – Finance and
               Corporate Services
               J.A. Priel, General Manager – Community Services
               K. Christenson, City Clerk; M. Meyer, Legislative Assistant
               – City Clerk’s Office

THE AUDIT AND ADMINISTRATION COMMITTEE PRESENTS REPORT 09-016
AND RESPECTFULLY RECOMMENDS:

1.  FOI Quarterly Report (July 1 to September 30, 2009) (CL09003(b)) (City
    Wide) (Item 5.2)

    That Information Report CL09003(b) respecting FOI Quarterly Report (July 1
    to September 30, 2009) be received.

    and Policy 11 – Negotiations for the 3rd Quarter 2009 (FCS09045(b)) (City
    Wide) (Item 5.3)

    That Information Report FCS09045(b) respecting Quarterly Status Report on
    the use of Policy 10 – Emergency Purchasing and Policy 11 – Negotiations for
    the 3rd Quarter 2009 be received.

Council – November 25, 2009
3. **City of Hamilton/Her Majesty the Queen in Right of Ontario Recreational Infrastructure Canada Program in Ontario Contribution Agreement (FCS09061(a)) (City Wide) (Item 8.1)**

(a) That the Mayor and City Clerk be authorized and directed to enter into an Agreement between the City of Hamilton and Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and Infrastructure and the Minister of Health Promotion, related to the funding commitment made by the Government of Canada and the Province of Ontario to the Municipality under the Recreational Infrastructure Canada Program in Ontario and Ontario Recreational Program; and

(b) That the Mayor and City Clerk be authorized and directed to execute the Recreational Infrastructure Canada Program in Ontario Contribution Agreement attached as Appendix “A” to report FCS09061(a).

4. **Award of Corporate Tender C12-18-09 Supply & Delivery of Clothing for City of Hamilton Employees (FCS09104) (City Wide) (Item 8.2)**

That the Corporate Tender C12-18-09 for the Supply and Delivery of Clothing for City of Hamilton Employees be awarded to the lowest compliant bid per section as per the following sections:

(a) Section 1- Navy Blue Work Clothing to Unisync Group Ltd. with an estimated annual cost of $168,723.80.

(b) Section 2- Managers and Supervisors Clothing Grey and Black to Unisync Group Ltd. with annual cost of $46,515.65.

5. **Award of Corporate Tender C12-23-09 Graffiti Removal Services (FCS09105) (City Wide) (Item 8.3)**

That the Corporate Tender C12-23-09 be awarded to the lowest compliant bid per section as per the following sections:

(a) Section 1- Graffiti Removal Services to 1368029 Ontario Inc (operating as Sparkleen) with an estimated total contract price of $253,500 for a five year term.

(b) Section 2- Graffiti Removal from Signal Controller Boxes to Pressure Kleen Services Company Inc. with an estimated total contract price of $62,387 for a five-year term.
6. **Local MPAC Costs (FCS09103) (City Wide) (Item I of Audit and Administration Committee Outstanding Business List) (Item 8.4)**

(a) That report FCS09103 “Local MPAC Costs” be received for information;

(b) That the City of Hamilton endorse the City of Ottawa’s resolution (attached hereto as Appendix “A”) with respect to provincial funding of Municipal Property Assessment Corporation (MPAC) costs in relation to education taxes;

(c) That a copy of report FCS09103 be forwarded to the Province, in addition to a formal request by the City of Hamilton Council that Hamilton’s local MPAC costs be shared by the City of Hamilton and the Province in the same proportion that the City of Hamilton and the Province (school boards) share in the revenue from property taxes;

(d) That a copy of the correspondence to the Province be forwarded to the Association of Municipalities of Ontario and the Ontario Ombudsman for information.

7. **Operational Review Sub-Committee Report 09-001 (Item 8.5)**

(a) **Evaluation of the City of Hamilton Purchasing Program (FCS09109) (City Wide)**

(i) That the Evaluation of the City of Hamilton Purchasing Program, as outlined in Appendix B, attached hereto, be undertaken by an external consultant;

(ii) That the General Manager of Finance and Corporate Services be authorized and directed to award the consulting services Request for Proposals for the Evaluation of the City of Hamilton Purchasing Program, in accordance with the methodology, as outlined in Appendix B, attached hereto;

(iii) That the General Manager of Finance and Corporate Services be authorized and directed, on behalf of the City of Hamilton, to execute all necessary documents, resulting from the Request for Proposals for the Evaluation of the City of Hamilton’s Purchasing Program, in a form satisfactory to the City Solicitor;

(iv) That the cost of the consultant’s review of the Purchasing Program not exceed $100,000 to be funded first from the 2010 Corporate Services Operating Budget, and, secondly through any overall year end Corporate Surpluses and lastly through the Tax Stabilization Reserve.
FOR THE INFORMATION OF COUNCIL:

(a) CHANGES TO THE AGENDA (Item 1)

The Committee Clerk advised the following changes to the agenda:

Added as Item 4.1 is a Delegation Request from Louise Dompierre, Art Gallery of Hamilton, to speak at the December 2, 2009 Audit and Administration Committee meeting respecting the Art Gallery of Hamilton’s Outstanding Loan.

On a motion, the agenda was approved as amended.

(b) DECLARATIONS OF INTEREST (Item 2)

There were no declarations of interest.

(c) MINUTES (Item 3)

(i) Minutes of the meeting held on November 4, 2009 (Item 3.1)

The minutes of the Audit and Administration Committee meeting held on November 4, 2009 were approved as presented. CARRIED

(f) Delegation Request from Louise Dompierre, Art Gallery of Hamilton, Respecting Outstanding Loan

The delegation request from Louise Dompierre, Art Gallery of Hamilton, respecting the Art Gallery of Hamilton’s outstanding loan to the City of Hamilton was approved for the December 2, 2009 Audit and Administration Committee meeting.

(e) Minutes of Various Sub-Committees (FOR INFORMATION PURPOSES ONLY) (Item 5.1)

That the following minutes of various sub-committees were received:

(a) Status of Women Sub-Committee – September 24, 2009

(f) Local MPAC Costs (FCS09103) (City Wide) (Item I of Audit and Administration Committee Outstanding Business List) (Item 8.4)

Rob Rossini provided an overview of the report.

Committee passed the following motion:

That Report FCS09103 respecting Local MPAC Costs be amended by adding the following as recommendation (d):

Council – November 25, 2009
“(d) That a copy of the correspondence to the Province be forwarded to the Association of Municipalities of Ontario and the Ontario Ombudsman for information.”

Councillor Pearson requested that staff e-mail her the totals of local MPAC costs dating back to 1998.

On a motion, Item I, “Local MPAC Costs”, was removed from the Audit and Administration Committee Outstanding Business List.

(g) **Operational Review Sub-Committee Report 09-001 (Item 8.5)**

Committee passed the following motion:

(a) That Finance staff be directed to assess the value of implementing bartering systems as part of the City of Hamilton’s Purchasing Policy review;

(b) That, if bartering systems are found to have value for the City of Hamilton, Finance staff be directed to implement a bartering system pilot project.

(h) **GENERAL INFORMATION/OTHER BUSINESS**

(i) **Outstanding Business List Items to be Removed (Item 11.1)**

Removal of the following Audit and Administration Committee Outstanding Business List item was approved:

Item “Q” – Municipal Election Campaign Rebates

(i) **ADJOURNMENT (Item 13)**

The Audit and Administration Committee adjourned at 9:42 a.m.

Respectfully submitted,

Councillor Russ Powers, Vice-Chair
Audit and Administration Committee

Mary-Ann Meyer
Legislative Assistant
November 18, 2009

Council – November 25, 2009
The Council of the City of Ottawa, at its meeting of 26 and 27 March 2008, adopted the following resolution:

WHEREAS the work of the Municipal Property Assessment Corporation provides services to both municipal governments and the provincial government for the purpose of collecting property taxes; and

WHEREAS Ontario municipalities pay for MPAC services and costs and the Province does not;

THEREFORE BE IT RESOLVED that the City of Ottawa request that the Province of Ontario pay a proportional share of MPAC costs related to education property taxes; and

BE IT FURTHER RESOLVED that the City of Ottawa communicate this request to MPAC Board of Directors, LUMCO, MARCO and AMO's Regional and Single Tier Caucus to solicit the support for this request.

BE IT FURTHER RESOLVED that the City of Ottawa communicate this request to the Association of Municipalities of Ontario for distribution to their membership.

City of Ottawa
110 Laurier Avenue
Ottawa, ON
K1P 1J1

Attention: Dawn Whelan, Council Coordinator
Telephone: 580-2424, Ext. 21837
Facsimile: 580-9609
E-mail: dawn.whelan@ottawa.ca

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EVALUATION OF THE CITY OF HAMILTON PURCHASING PROGRAM

This evaluation will include a detailed review of the City’s Purchasing Policy, and a review of the City’s purchasing program and how procurement services are delivered. The cost of this review will not exceed $100,000 and the targeted completion date is June 30, 2010. The Treasury Services Division has a total consulting Budget of $20,000 in 2010. All attempts will be made to absorb the cost of this review within the overall Corporate Services Department Budget. Any additional funds required for this review will be funded from either year end corporate surpluses or ultimately through the Tax Stabilization Reserve.

The consultant will be requested to review how the City’s procurement services are delivered and to make recommendations as to how the services can be improved.

It is proposed that a Request for Proposals (RFP) for the required consulting services be issued to a minimum of 5 firms who have expertise with public procurement reviews.

The award of an RFP is typically made to the proponent who has successfully met the technical evaluation criteria of the RFP and has the lowest total contract price. In this instance, the RFP will disclose the budget available for this project, and will recommend the award of the project to the technically highest scoring proponent. In this way, the City will be awarding the work to the proponent who has demonstrated their ability to best meet the project goals and objectives within the proposed budget by evaluating their prior work experience, key personnel, methodology and approach. The technical evaluation of each proposal will be conducted by an evaluation team and scored on a consensus basis with membership from a cross-section of City Departments. It is proposed that the results of the technical evaluation conducted by the evaluation team will be presented to the General Manager of Finance and Corporate Services for review and award.

The following summarizes the objectives and deliverables of the review:

**Objectives**

1. To determine whether the existing Purchasing Policy is driving the organization to act in a fiscally responsible manner.
2. To determine if policies and procedures are contributing to the Public Service Value Chain and achievement of the Program’s goals and objectives.
3. To determine whether the policies and procedures are efficient and effective as well as to provide sufficient clarity for all client groups and vendors.
4. To determine if the resources being used to achieve the Program’s goals and objectives are appropriate to the desired outcomes.
5. To determine if the Program’s services are delivered for client groups in such a way that they are providing good customer service for the resources invested and in a fiscally responsible manner.
6. To determine if the Purchasing Policy and related procedures are in place, and applied consistently, to assist in complying with commonly accepted public procurement best practices and with legal requirements, and to ensure continued compliance.

7. To determine that the risks associated with the Program are being managed in such a way as to ensure these risks to the City and vendors are understood to be balanced and to be effectively managed in the procurement process.

8. Determine level of internal client group and external vendor satisfaction with respect to the current service delivery method.

9. Determine whether the existing Purchasing Policy and related procedures are leading to effective and competitive vendor participation.

10. Determine whether existing procurement practices, procedures and processes are consistent with best practices in public procurement, (e.g. Request for Proposals vs. Request for Tenders, approach to getting vendor input in developing specifications, documentation requirements, user fees, evaluation methods and use of a roster).

11. Determine whether the existing Purchasing Policy and related procedures are leading to effective outcomes for client groups for the various goods and services that are purchased by the City.

12. Determine whether existing processes could be streamlined to reduce the time required to develop, issue and award contracts.

Deliverables


2. Suggested amendments and or revisions to the City’s Purchasing Policy and related procedures.

3. Suggestions for the organizational restructuring of the Program.


5. The provision of a Service Level Agreement template with a recommended minimum level of service to be provided by the Program.

6. Review and or Adjustment of relevant job descriptions.